



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 10

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Memorandum

TO: Commission

DATE: July 20, 2011

FR: Executive Director

W. I. 1131

RE: Legislative Principles for Infrastructure Financing Districts

Background

At the Legislation Committee meeting on July 8, staff was asked to develop legislative principles for our advocacy efforts on the subject of Infrastructure Financing Districts (IFDs) given that a number of Bay Area legislators introduced legislation in 2011 to provide local agencies an alternate means of accessing tax-increment financing (TIF) by streamlining the process. This is partly a response to the Brown Administration's proposal to eliminate redevelopment agencies earlier this year, and the ultimate diversion of \$1.7 billion in redevelopment funds in the FY 2011-12 budget.

Infrastructure Financing Districts vs. Redevelopment Agencies

Under current law, creation of an IFD and issuance of bonds requires voter approval by a two-thirds margin of the voters residing within the district. Redevelopment agencies, on the other hand, are not subject to any voter approval requirements, but can only be formed in areas that meet the state's definition of "blight." Another key distinction is that IFDs do not divert funding from schools or the state.

Numerous Bills Under Consideration

Three IFD bills are currently pending approval on the floor of the second house: SB 214 (Wolk), SB 310 (Hancock) and AB 485 (Ma). MTC had previously taken support positions on the Hancock and Ma bills as both have a special emphasis on transit-oriented development (TOD).

Given that infrastructure funding is in short supply in California, we support the availability of new funding tools be available to support the Bay Area's greenhouse gas reduction targets pursuant to Senate Bill 375 (Steinberg, 2008), as well as the myriad other performance targets recently adopted as part of the Initial Vision Scenario for Plan Bay Area.

Accordingly, staff recommends the following principles for adoption by the Commission:

Infrastructure Financing Principles

1. Eliminate the voter approval requirement to create the district. Each bill does this to one degree or another already.
2. Incentivize and support infill development at appropriate levels of density near existing and planned public transit service.

3. Consistent with SB 375 (Steinberg, 2008), IFDs should incentivize and support construction of new affordable housing to help metropolitan regions house 100 percent of the projected growth in population for *all* income levels without displacing current low-income residents.
4. IFDs should be used to support preservation of open space and agricultural land and be focused on those areas within the existing urban footprint.

Steve Heminger